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(<http://www.cpsa.org.au/VOICE/archive/05voice6-2.pdf>) (please note that the original formatting has changed).

## Income (in)security The truth about pensions

To dispel misinformation currently promoted by party politicians and their spin-doctors, the following synopsis is fact:

1939 to 1945 - World War II.

1942 to 1943 - As a wartime measure, the Federal Government gained sole control over Australian Income Tax.

**1944** - Labor Prime Minister, Ben Chifley, introduced 3 Bills to establish the National Welfare Fund, to be financed by a compulsory contribution levy of 1 and 6 in the pound on all personal income. Opposition Leader, Robert Menzies, stated that the compulsory contribution levy should be kept completely separate. That it should be shown separately on the taxation assessment and paid straight into a "Trust" account, and not mixed with the general revenue. Menzies said, "The stigma of charity should be removed from the Age Pension. It should be an entitlement earned by the person's personal contribution to the fund."

**1946** - Prime Minister Chifley agreed and established, as from January 1, 1946, the National Welfare Fund - a "Trust" fund with the Parliament as "Trustee." The compulsory contributions levy commenced on January 1, 1946. It was shown separately on the personal tax assessments for 1946, 1947, 1948, 1949 and 1950, and the compulsory levy was properly paid straight into the special "Trust" fund, and welfare claims were paid out of the fund. The balance in the fund in 1950 was almost 100 million pound.

**1949** - Robert Menzies became Prime Minister, and he introduced Bills to amend the Acts governing the National Welfare Fund. The compulsory social contributions levy was then grouped with the taxation assessment and appeared as one amount on the taxation assessments, and was paid as one amount straight into Consolidated Revenue. The sabotage of the National

Welfare Fund had commenced. The Opposition Labor Party had collaborated in this sabotage by remaining silent instead of opposing Menzies' action.

**1951 to 1985** - A compulsory levy of 7.5% now included in the tax continued to be collected and placed in Consolidated Revenue and treated as general revenue and spent, until 1985.

**1974 to 1975** - Labor Leader, Mr. Whitlam, abolished income tests for all persons 70 years of age and over, and paid pensions to all people over that age.

**1976** - The newly-elected Coalition Prime Minister, Malcolm Fraser, cancelled the Whitlam achievement of abolishing the tests for all who were 70 years and over.

**1977** - Malcolm Fraser with Treasurer Philip Lynch transferred the balance in the Welfare Fund account (approx. 470 million dollars) to the Consolidated Revenue account.

**1985** - The Hawke-Keating Labor Government repealed Acts Numbers 39, 40 and 41 of 1945 (the National Welfare Fund Acts). Thus the funds finally ceased to exist. Yet the 7.5% levy continues to be collected as a proportion of the Income Tax Revenue. It also introduced the much-maligned Income and Assets Test, thereby excluding millions of levy and tax-paying Australians from receiving Social Services pensions. This money - these self-funded contributions - paid as a percentage of the total income tax collections - are today worth more than the amount of means-tested pensions paid out. Actuaries have calculated the non-means-tested ENTITLEMENT due to EACH retiree today is in excess of \$500 per week. This surely debunks the politicians and their parties' claims that the younger generation are paying a proportion of their current taxes to cover the payments made to pensioners. The obvious shortfall has been swallowed by the Government's taxation black hole. The historical summary above highlights the fact that politicians of opposing political parties each contributed to the agenda to destroy the entitlement, as it was intended, when it clearly would not have been the will of the people. PENSIONERS AND SELF- FUNDED RETIREES' PENSIONS ARE BEING DISHONESTLY MEANS-TESTED.

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Editor's comment [CPSA's editor):

*Other CPSA members have previously raised this issue in THE VOICE. It seems that our next step is to find the millionaire who will fund the High Court challenge. Any suggestions?*